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VIRGIN ISLANDS

REPORT OF JOINT COMMISSION

APPOINTED UNDER AUTHORITY OF THE CONCURRENT
RESOLUTION PASSED BY THE

CONGRESS OF THE UNITED STATES

JANUARY, 1920

COMMISSIONERS ON PART OF SENATE

WILLIAM S. KENYON, OF IOWA
WALTER E. EDGE, OF NEW JERSEY
EDWARD J. GAY, OF LOUISIANA

COMMISSIONERS ON PART OF HOUSE

HORACE M. TOWNER, OF IOWA
FINIS J. GARRETT, OF TENNESSEE
PHILIP P. CAMPBELL, OF KANSAS

APRIL 19, 1920.—Referred to the Committee on Insular Affairs
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CONDITIONS IN THE VIRGIN ISLANDS.

In January, 1920, Congress passed the following concurrent resolution:

Resolved by the House of Representatives (the Senate concurring), That a joint commission to consist of three Members of the Senate and three Members of the House of Representatives, to be appointed by the Vice President of the United States and the Speaker of the House, respectively, is hereby created to visit the Virgin Islands and to report fully to Congress as to existing conditions in the said islands, and particularly to report and recommend action by Congress, if need there be therefor, with reference to whether the present government, under Executive direction, should be superseded by civil government, provided by Congress, as contemplated by act of March 3, 1917 (39 Stats., p. 1132), said government being now only temporary in character and, by order of the President, being now vested in officers of the Navy; also, as to whether Congress should at this time provide for a civil government of the islands by an organic act; also what, if any, legislation is necessary pending the formation and adoption of an organic act, and as to the general conditions existing in the islands. Said report to be filed at the earliest date practicable, and during the Sixty-sixth Congress.

Under the provisions of this act the President of the Senate appointed William S. Kenyon, of Iowa; Walter E. Edge, of New Jersey, and Edward J. Gay, of Louisiana, as Senate members of such commission; and the Speaker of the House of Representatives appointed Horace M. Towner, of Iowa; Finis J. Garrett, of Tennessee; and Philip P. Campbell, of Kansas, as House members of such commission.

The Secretary of the Navy designated Rear Admiral James H. Oliver, United States Navy, and Maj. Jesse F. Dyer, United States Marine Corps, to accompany the commission on its visit to the islands.

In accordance with the suggestion and arrangement made by the Secretary of the Navy the commission went by rail from Washington to Key West, where the U. S. S. *Dolphin* was placed at their disposal. It arrived at the harbor of St. Thomas at noon Thursday, February 5. The commission proceeded to the administration building, where they attended a session of the Colonial Council.

Following this, at 3.35 p. m., the commission began its hearings, first receiving the statements and testimony of members of the Colonial Council. Other witnesses were also heard and these hearings continued, usually with three sessions each day, during the stay of the commission in the islands.

February 7, the commission sailed from St. Thomas to the island of St. John, arriving at 2.30 p. m. The testimony of several witnesses was heard as to conditions on that island. The commission then sailed from St. John to St. Croix, arriving there in the night.

On the following day the members of the commission visited various parts of the island, and in the afternoon received some delegations representing various interests of the island on board the *Dolphin*.

On Monday at 9 a. m. the commission met with the Colonial Council of St. Croix in the Government House at Christiansted. Various statements and petitions were presented, and the hearings on that island were commenced lasting all that day and evening, and all day Tuesday, February 10, and until 11 o'clock that night. The commission then sailed for Charleston, S. C., where they disembarked, completing their return journey to Washington by rail, arriving February 17.

Additional hearings were held by the commission in Washington February 20, February 23, February 25, and on March 2, at which additional testimony was taken affecting the interests of the islands.

The commission was very fortunate to have the constant assistance and advice of Rear Admiral Oliver. Admiral Oliver was the first governor appointed by the President to administer the government of the islands. To his wise and tactful management is largely due the success which has so far attended the American occupation. Admiral Oliver served about two years and was succeeded by Rear Admiral J. W. Oman, United States Navy, the present governor, who continues with rare discretion and judgment the policy of his predecessor. To those men and their efficient subordinates is due the success of the administration of the islands under the Navy.

The commission is also under obligation to Maj. Dyer, who accompanied the commission as aid to Admiral Oliver. His service with Gov. Oliver during the latter's incumbency made his information and advice valuable to the commission.

On its visit to the Virgin Islands the commission examined 67 witnesses, and the report of the hearings covers 626 typewritten pages of testimony, which it is hoped may be published for the information of Congress.

GEOGRAPHY AND PHYSICAL DESCRIPTION.

The Virgin Islands are a part of the great archipelago between North and South America known as the West Indies. They consist of three principal groups: The Bahamas, lying East of Florida; the Greater Antilles, consisting of Cuba, Haiti, Porto Rico, and Jamaica; and the Lesser Antilles, a numerous line of smaller islands extending in a curve east of Porto Rico and southward to South America. The most northern and eastern group of the Lesser Antilles is known as the Virgin Islands.

The Virgin Islands are divided into three groups. The islands of Culebra, Vieques, and adjacent smaller islands, belonged to Spain, and came into the possession of the United States when Porto Rico was ceded. These islands lie between Porto Rico and St. Thomas. The eastern group is a British possession and comprises the islands of Tortola, Anegada, Virgin Gorda, and adjacent smaller islands. The group known as the Danish West Indies comprises the islands of St. Thomas, St. John, St. Croix, and adjacent smaller islands. The total area of the three groups is less than 300 square miles. Besides the three principal islands named there are about 50 smaller islands belonging to the Danish group, most of them not named and uninhabited. The total area of this group is less than 150 square miles. St. Croix, the largest of the islands, has an approximate area of 85 square miles, St. Thomas 30, and St. John 20.

St. Thomas is situated east of Porto Rico, 40 miles distant. Its port is 1,400 miles southeast of New York. It is 1,000 miles east of Key West, 1,000 miles from the Canal Zone, 480 miles from La Guaria, the chief port of Venezuela, South America. St. Thomas harbor is considered the best and safest harbor of the West Indies. Situated on the Virgin Passage, and commanding strategically the entrance to the Caribbean Sea, it practically dominates the Northern coast of South America, the entrance to the canal, and the entire eastern coast of Central America. The ships of all nations have visited this harbor from the time when Columbus discovered the islands in 1493 down to this day.

St. Thomas is about 13 miles long and about 3 miles wide. The entire surface is broken, rising to a ridge along its entire length, in some places 1,500 feet high. Its coast line is indented making a succession of bays and capes, very picturesque and beautiful.

St. John is similar in configuration. It, too, has a fine harbor, Coral Bay, which engineers say might be developed at comparatively little expense to rival the famous harbor of St. Thomas.

St. Croix is 40 miles south and is quite different in physical aspect from St. Thomas and St. John. It, too, has its mountains, but most of the island consists of fertile plains, with a rich and easily cultivated soil.

The climate of all the islands is exceptionally fine. The maximum temperature is 91°, and the minimum 68°, with an average of 79°. The ever-present northeast trade winds temper the heat, making and keeping the climate delightful all the year. The average rainfall for St. Thomas is 38 inches, that of St. Croix is 47 inches.

HISTORY.

The archipelago now known as the Virgin Islands was discovered by Columbus on his second voyage in 1493. The group was so numerous the islands could not well be individually named so Columbus called them the "Virgins," suggested by St. Ursula and her 11,000 virgins.

When discovered the islands were almost certainly inhabited by the Caribs, a fierce and warlike Indian tribe which originally inhabited many of the West Indies. The Caribbean Sea derives its name from these Indians. Inscriptions and figures on rocks on the island of St. John said to have been the work of the Caribs are still in an excellent state of preservation.

The first attempt at a European settlement on the Virgin Islands was made by Erik Smidt, a Dane, who landed on St. Thomas in 1666 and took possession of it for Denmark. A small colony was established, which, after great hardships, was shortly abandoned. In 1672 the Danish West India Company sent Jorgen Iversen with 100 colonists to the island. This was the beginning of permanent occupancy and settlement. In 1674 slaves were brought from Africa, and by 1680 there were some 50 estates established, engaged principally in the cultivation of tobacco. X

For 245 years the Virgin Islands remained a possession of Denmark. There were two short intervals when they were held by Great Britain, once from April 1801 to February 1802, and again in 1807 when they were seized during the Napoleonic wars. They were turned back to Denmark again in 1815.

The history of these islands during these years varies from periods of the greatest prosperity to those of suffering and despair. The harbor of St. Thomas was for most of this period the principal port of the West Indies. It early became the principal entrepôt and distributing center for the slave trade. It was made a free port and became the resort of trading vessels of all nations. During the decade following the year 1820 an average of nearly 3,000 ships called there annually. All the principal islands were cultivated even to the mountain tops. The plantations produced sugar, tobacco, cotton, and other products at great profit to their owners. In 1848 Denmark abolished slavery in the islands and from that time the agricultural interests of the islands decreased. The low prices of sugar and tobacco which prevailed for years made it unprofitable to work the plantations with paid labor.

As soon as steam as a motive power began to supersede the sailing vessels the commercial importance of the islands also began to decline. And now as oil is beginning to supersede coal as a fuel a further decline is experienced.

No consideration of the history of the Virgin Islands would be complete without reference to the buccaneering years when the islands were the rendezvous and their indented bays and harbors the safe retreat and hiding places of the privateers and pirates who for so many years "roved the Spanish Main." The complete history of those years will for obvious reasons never be written. But the archives of the principal European nations engaged in maritime enterprise and American colonization, if searched, would throw light on an era which for romance and adventure has no parallel in the history of the world.

Early in the sixteenth century French corsairs, Dutch sea rovers, and English smugglers, slavers, and privateers began to appear in the West Indies. In the seventeenth century these nations found it both necessary and profitable to wage a general warfare against Spain, who was trying to keep them all out of her American possessions. This loose association became known as the buccaneers, who for many years preyed on Spanish commerce and attacked the Spanish settlements both on the islands and mainland of North and South America. The buccaneers were for the most part a lot of dare-devils, reckless and often lawless, but when serious work was undertaken they became well regulated and orderly. If a French fleet came over to attack a Spanish possession they attached themselves to the French and acted under their orders. If an English or Dutch fleet came for the same purpose a like course was followed. When any of these drove out a Spanish settlement and planted a colony of their own in its place, it became a haven of refuge for the buccaneers. In some places the buccaneers took exclusive possession. Here they gathered supplies, planned their raids, divided their spoils, gambled away their "pieces of eight," and passed the nights in drunken revels. The world paid them tribute, and wine, women, music, and dancing were the rewards of hardships and daring. When supplies ran low and the pirates—for such in fact they were—had lost their money, they clamored to go to sea again, or to be led against some Spanish settlement. The strange fact was that they were not only countenanced but courted by the European nations desirous of breaking the power of Spain and seeking to supplant her

colonies with colonies of their own. It was by their help that the Spaniards were driven from island after island of the West Indies.

The Virgin Islands, although claimed by Spain, never actually came into her possession, and hence escaped being fought for and successively lost and won. But through all the years when warfare was carried on, the Virgin Islands were a favorite resort and place of refuge for the buccaneers. It is certain they were not always unwelcome, for Denmark had no love for Spain, and the lavish expenditures of the freebooters went to the enrichment of the Danish merchants.

For Americans, interest in the West Indies is heightened by the fact that one of our greatest statesmen was a native of these islands. Alexander Hamilton was born in 1757 on the island of Nevis, an English possession. When he was five years old he was taken to the island of St. Croix, where he remained until he was 15 years of age. He was then sent to the United States to finish his education, where he remained until his tragic death in 1804.

ACQUISITION.

For more than 50 years the acquisition of the Virgin Islands has been a subject of negotiations between the United States and Denmark. These negotiations began in 1865, during the administration of President Lincoln. Secretary Seward became especially anxious to secure them. The fact that during the war between the States St. Thomas was a harbor of refuge for southern privateers and blockade runners impressed him with their strategic value. In 1866 he visited the islands and soon thereafter made Denmark an offer of \$5,000,000 for the group. Denmark offered to sell them for \$15,000,000, or to sell St. Thomas and St. John for \$10,000,000. Finally Secretary Seward agreed to pay \$7,500,000 for the two. This was finally agreed to by Denmark and the treaty was signed. It was promptly ratified by Denmark, but after long delay the Senate finally declined to ratify.

During the administration of President Harrison the purchase of the islands was again considered, and again during President Cleveland's administration, but no definite steps were taken.

In 1898 the Senate Committee on Foreign Relations authorized the President to purchase the islands for use as a naval and coaling station. As a result of further negotiations a treaty was negotiated by Mr. Hay for the cession of the islands to the United States for \$5,000,000. The treaty was ratified by the Senate of the United States, but failed of confirmation by the Danish Rigsdag.

In 1915 Secretary Lansing entered again into negotiations for the purchase of the islands. A treaty was signed and finally ratified January 17, 1917, and the islands came into the possession of the United States March 3, 1917, the consideration being \$25,000,000.

It is, of course, generally understood that the United States did not purchase the Virgin Islands as an investment. They were purchased primarily for strategic purposes. St. Thomas and its harbor is the strongest and most easily fortified spot in the West Indies. It can be made for us both an impregnable fortress and a valuable commercial and shipping station.

TREATY AND ACT PROVIDING FOR TEMPORARY GOVERNMENT.

The treaty provides that His Majesty the King of Denmark cedes to the United States all territory possessed by Denmark in the West Indies, together with all Government property and public buildings. All private rights in lands and property are to remain undisturbed by the transfer. Reservation is made of arms and military stores, and the furniture and movables in the public buildings. Certain concessions are specified and reserved, especially that to the Danish West Indian Bank to issue bank notes.

Danish citizens may remain in the islands or remove at will. Those who remain may preserve their citizenship in Denmark by making a declaration of record to that effect, and in default of such declaration they shall be held to have renounced it and to have accepted citizenship in the United States.

The act of Congress approved March 3, 1917, to provide a temporary government for the Virgin Islands declares that "all military, civil, and judicial powers necessary to govern the West Indian Islands acquired from Denmark shall be vested in a governor, and in such person or persons as the President may appoint, and shall be exercised in such manner as the President shall direct until Congress shall provide for the government of said islands."

It is further provided that the laws in force at the time of the cession shall remain in operation "until Congress shall otherwise provide." There are various other provisions not necessary to specify.

The government established under this act has continued the system established under Danish rule with little change except in administration.

The islands constitute two municipalities, one consisting of St. Thomas and St. John, and the other of St. Croix.

Legislative authority in each municipality is vested in a Colonial Council. The qualifications for the franchise are that the voter must be a male citizen 25 years of age; he must own real estate producing a monthly income of \$5 or have a personal income of \$300 a year; and he must be of unblemished character. The electorate is very limited, and there is a demand from the people for an enlargement of the franchise.

There are the usual subordinate executive officers and a judicial system which sadly needs revision.

Some time ago a commission to revise the laws was appointed. This commission has practically completed the work, which is in every way creditable and which will bring about a thorough Americanization of the laws, if adopted.

POPULATION.

Soon after the American occupation a census of the Virgin Islands acquired by the United States was taken by the Bureau of the Census as of November 1, 1917. The actual work of enumeration was done by residents of the islands. The total population, as shown by this census, was 26,051. The population of St. Croix was nearly 15,000, that of St. Thomas a little over 10,000, and that of St. John about 1,000.

There has been a progressive decrease in the population of the islands since 1835, when it was reported at 43,178. Many causes have contributed to this decline. There has been a continued excess of deaths over births and an excess of emigration over immigration. The excess of deaths over births was occasioned principally by the high infant mortality rate and the excess of emigration over immigration was caused by economic conditions which will be discussed later.

The Virgin Islands acquired by the United States contain three cities—Charlotte Amalie, on the island of St. Thomas, and Christiansted and Fredericksted, on the island of St. Croix. The population of Charlotte Amalie is now about 9,000, that of Christiansted about 5,000, and that of Fredericksted about 3,000, the population of the islands being about 60 per cent urban and 40 per cent rural.

Of this population only about 2,000, or 7.4 per cent, are white. About 20,000, or 80 per cent, are negroes, and about 4,500, or 17.5 per cent, are mixed.

The marital conditions on the islands are anomalous and shocking. Probably not more than 15 per cent of the colored population are legally married. Consensual marriages, or unions by mutual consent, are the rule. Several causes are assigned for this unfortunate condition, the chief ones being the strong force of custom, which has prevailed since the days of slavery; the high cost of a legal or church marriage which formerly prevailed; and the absence of public sentiment against such unions. It is needless to say that such conditions have created a low moral tone among that class of the population, especially injurious to children compelled to grow up in such an atmosphere, and degrading to the women, who can look forward to such a life with only apprehension and distrust.

The total number of families in the islands, as reported, was 9,568. The total number of dwellings was 5,858.

About 15,000 persons over 10 years of age are engaged in gainful occupations, or about 69 per cent. Eighty-two per cent of the males are so engaged and 58 per cent of the females. In St. Croix the principal occupation is farm labor, men and women both working in the fields on the plantations. In St. Thomas the principal occupations are those connected with the harbor, both sexes being engaged in the work. The conditions affecting labor will be hereafter more fully considered.

RELIGION.

There are a number of churches in the islands. The church buildings are substantial and the church-going population reasonably large. Under Danish rule the Moravian Church was the established church of the islands, to the support of which the Government contributed. Upon our accession government contributions, of course, were ended. There are many adherents of the Catholic faith in the islands; also Episcopalians and Lutherans.

MORALS.

The morals of these islands are at a very low ebb. Indeed, the amount of immorality is rather appalling. We have referred briefly to this heretofore. This goes back to the old days of slavery in the islands when men and women were regarded as chattels and they

were expected to breed as many children as they could to set laborers in the fields. Now many persons live together by mutual consent and without any legal or religious ceremony. There has been up to this time apparently little public sentiment against such unions. A very high percentage, estimated to be over 60 per cent of the children born in the islands, are illegitimate. One of the great needs is the development of a sentiment against this form of immorality, and we believe there is some change taking place as the people are coming to understand American ideals. There have been more marriages in the last year than heretofore. On the question of morals we quote from the evidence of Mr. Ralph de Chabert, a witness before the commission.

Mr. CAMPBELL. Now, as to the question of their living together as husbands and wives; are there more of them married now than there were formerly?

Mr. CHABERT. Yes, than there used to be years ago, but it can still be better.

Mr. CAMPBELL. About what percentage of them are married?

Mr. CHABERT. I can not tell exactly, but a very small percentage.

Mr. CAMPBELL. Do many of the fathers abandon their families?

Mr. CHABERT. Well, not so many. I think the condition is improving.

Mr. CAMPBELL. Could you, as president of the labor union, a man holding the fortunes of these people, help to better that condition and induce these people to establish family relations on the approved Christian plan?

Mr. CHABERT. Oh, yes; that is coming, and it will come, and all our energies have to be devoted in trying to better the economic condition. That is a general feeling; before they got married they ought to have a few dollars and make some cakes to entertain their friends, or buy something to put into the house, some pieces of furniture.

Mr. CAMPBELL. Is there anything in connection with the fees for the marriage license or fees for the marriage ceremony that stands in the way?

Mr. CHABERT. No; there was never any fee until recently, and I think it is 40 cents. But a man who has a room, perhaps not a good mattress or perhaps not a good table in his house, he does not care to marry to a family until he raises a few dollars.

Mr. CAMPBELL. But he will take a woman there to live with him without marrying?

Mr. CHABERT. Yes.

Mr. CAMPBELL. And they go on living in that way and raise a family.

Mr. CHABERT. That is something that has been going on in the past from the time of slavery, when the men and women were really held as chattels, and they wanted them to breed as many children as they could to work in the fields on the estates, and they used to have a good many children by the laborers and the managers, so there was nothing immoral about it to both the planter and the laborers. It is only now that the people are being taught something about themselves that you see a change beginning to take place, and that change will naturally come on gradually.

(Testimony, pp. 493, 494, and 495 of the record.)

AGRICULTURE.

The soil of these islands is very fertile, especially that of St. Croix. The chief crops are sugar cane, guinea grass, a variety of vegetables, corn, dry beans, hay and forage, cotton, and arrowroot. There is evidence that in the days gone by in the island of St. Thomas, sugar, tobacco, and coffee have been grown. The people seem to have abandoned these things and relied upon the harbor. Vegetables for the household are easily grown, but the people import them from Tortola and Porto Rico. There are apparently few gardens in this island. There have been in the past sugar plantations, but none now. The experimental station in St. Croix is doing good work, and with some additional funds can extend their work over the islands of St. Thomas and St. John. The people need education in the extermination of pests and in the development of truck farming, and especially gardens for their own use. Concentrated lime juice

is made from the limes grown in St. John. Trees bear prolifically. Pickle limes, an edible commodity, is also produced, and is well known in some sections of the United States. In the island of St. Croix the situation is somewhat different. Agriculture, especially sugar, has been developed to a considerable extent. The sugar is largely in the hands of a few companies.

Thousands of acres of land in St. John and St. Thomas should be used for the cultivation of pineapples and bananas.

The cattle industry could be further developed upon these islands. On all the islands there are about 10,000 head of cattle—2,800 in St. Thomas, 2,400 in St. John, and about 5,000 in St. Croix.

The live stock on the islands consists of the following: Cattle, horses, mules, asses and burros, swine, sheep, goats, poultry, and also colonies of bees. Eggs, honey, and wax are some of the products obtained in fairly large quantities.

Agriculture commenced to decline in St. Thomas in the sixties when the sugar price went down. The curse of these islands as of the other West Indies has been the question of absentee ownership and the desire of the owners to simply get what they could out of the islands without looking to the welfare of the people.

Agriculture has been injured by the cutting of the timber. It has lessened the rainfall and the moisture has not been retained. The rain runs off while formerly it soaked into the ground.

St. Croix is by far the richest land agriculturally. According to our Census Bureau's returns there are in St. Croix 49,206 acres of farm land of the value of \$3,706,911.

In St. Croix sugar cane, cotton, fruits, including cocoanuts and pineapples, and garden truck, all can be produced. There is a great deal of land in this island that can be cultivated. More hogs could be raised, and that industry should be stimulated. Corn can also be produced.

St. John is adapted to the raising of figs, bananas, pineapples, and cotton. The island can produce seal-island cotton. They have thereon mango trees, apricots, alligator pears, and a few pineapples. None of these to any large extent. They are raising some vegetables on this island. Before the importation of the mongoose they raised large quantities of turkeys, chickens, and various fowls. The mongoose seems to have taken possession of the island so far as the raising of fowls is concerned. A greater development of agriculture in these islands will result in more taxes. There is great possibility in the development in St. John of pineapples, bananas, onions, and cabbage if transportation facilities can be provided.

A large number of tracts of land are owned by those who do not live in St. John. It may be well to particularize as to the various items of production.

Sugar cane. For many years sugar cane has been the only crop that yielded anything for export. The largest amount of sugar that has been exported in the last 15 years was in 1903, and consisted of 19,275 short tons. Experiments are being made at present in developing a cane that will be better suited to the soil and climatic conditions than any varieties now being grown. Much progress has been made in this direction. In the cultivation of the cane chemical fertilizers have been of no advantage. The general character of the agricultural operations on the Virgin Islands is indicated

by the fact that more than four-fifths (84.6 per cent) of the total value of crops in 1917 was represented by sugar cane. "The production of sugar in 1917-18 was 5,400 long tons (2,240 pounds); in 1918-19, 9,000 tons; in 1919-20, 12,000 tons." (From Willet and Gray.)

Cotton.—In 1913 there were some 2,000 acres devoted to sea-island cotton, but owing to the appearance of insect pests in the fields, financial loss was threatened, and since that year cotton raising has been temporarily abandoned. Among the varieties of cotton grown may be mentioned the following: "Sterling S" and "Cameron 106;" a variety known as "Sakellarides," and an upland cotton known as "Southern Cross." The land suitable for cotton lies very largely on the south side of the island of St. Croix, though a portion of the north side is also well adapted for it. It is estimated that there are about 5,000 acres that might be profitably cultivated.

Experimental crops.—One of the most interesting of the experiments has been the growing of sweet sorghum, the sucrose content of which is said to have been successfully crystallized by the experimental station on the island. This crop is planted by sowing the seed, and is reaped by machinery, and the labor during the cultivation and harvesting of this crop is much less than that of sugar cane. The chief miscellaneous crops that are receiving the attention of the agricultural station are those suitable for food, fodder, or green dressing. For green dressing there are Lyon beans and cowpeas; for food there are sweet potatoes and maize; and for fodder there are spineless cactus (the latter has been found to be unsuccessful on the islands because it grows slowly and is subject to the attack of pests), several varieties of sorghum, and, most important of all, imphee. The last named is highly recommended as a rotation crop for cane and cotton, especially the latter. It is especially desired as stock feed and for the large amount of usable manure that can be returned to the land. The imphee thus does double duty by feeding the cattle and enriching the soil.

Tropical fruits and nuts.—The chief fruits grown on the islands are the following: Coconuts, cocoa, mangoes, bananas, oranges, pineapples, and a variety of unclassified fruits. A small production of grapes is also grown.

Outside of the question of transportation and adequate water supply, the development of agriculture in these islands challenges primarily the attention of our Government. The first step to accomplish larger agricultural production would be the further extension of the agricultural experimental station.

MANUFACTURES.

There are very few manufacturing establishments. The bay-rum industry has been developed to a considerable extent at St. Thomas and at St. John. St. Croix has been famous for the Santa Cruz rum. St. Thomas bay rum is famous the world over. The industry, however, is suffering because of the want of shipping facilities. It is estimated that from \$100,000 to \$120,000 per annum worth of bay rum is exported to the United States, Porto Rico, and foreign islands. A large portion of the bay rum of commerce comes from the Danish West Indies. The bay tree (*piementa acris*) grows profusely in

certain parts of the island of St. John. The essential oil of bay is obtained from the leaves of the bay tree. From these leaves the oil is extracted. Bay rum is made by mixing bay oil with rum or alcohol and water. Before the war the steamers of the Hamburg-American Line carried this bay rum all over the West Indies and to continental America. That transportation is now ended.

One of the bay-rum manufacturers testified before the commission that he had an order for \$3,000 worth of bay rum lying unexecuted for six months on account of the want of shipping facilities. On the island of St. Croix there are many sugar-cane mills. While the census gives 84 manufacturing establishments in the islands, they are rather inconsequential outside of those we have herein referred to. The sugar mills are, of course, the most important.

FISHING.

Fishing affords to many of the people of St. John their living. St. John seems to be one of those unusual and (to the mind of some) desirable places where people can live without working. They can catch fish, go into the woods and pick fruit from the trees, and get along. Work does not seem to bother many of them. The fishing industry is also developed in the other islands. It is done by sailboats and rowboats. According to the census of 1917, there were 28 sailboats and 176 rowboats used for fishing operations. This industry could be developed to a further extent, provided markets could be found, all of which inheres in the primary question of transportation.

GOVERNMENT UNDER THE NAVY.

The commission can not speak too highly of the work done by the Navy in carrying on the government of the islands. Hampered by the lack of funds, faced with new problems unique and difficult, the work of the Navy in these islands will be a proud page in its history.

Before the taking over of the islands the hospital at St. Thomas was merely a hospital in name. Dr. Christensen says in his testimony before the commission, "It was in reality more of a poorhouse than anything else. It was a place where people with chronic diseases were attended to."

The present municipal hospital at St. Thomas provides free treatment for any who desire to come, and many avail themselves of this opportunity. Formerly under Danish rule, the inhabitants were afraid to go to the hospital. Now, under the splendid rule of the American medical staff, they are eager to go. The American Red Cross has helped with magnificent gifts and the result in the hospitals has been such as to give the people of the islands confidence in the American Government.

Under the wise policy of the Medical Department of the Navy the death rate has shown a marked decrease, especially in infant mortality. On the Island of St. Thomas the death rate was—

From 1901 to 1905, 32 per thousand.

From 1906 to 1910, it was 32.7 per thousand.

From 1911 to 1915, it was 31.7.

In 1916 it was 21.8.

In 1917 its mortality was 40.3. (That was accounted for largely by the hurricane which swept over these islands and people were compelled to live under very dangerous conditions after the hurricane.)

In 1918 the death rate dropped to 24.3.

In 1919 the general death rate was 17.3 per cent; a remarkable showing. This relates only to the island of St. Thomas.

The infant mortality statistics are even more startling. During the calendar year 1919 there were 300 children born in St. Thomas and 41 in St. John. During the same period there occurred 176 deaths in St. Thomas and 12 in St. John.

The death rate in both islands is lower than for any previous year during which deaths have been recorded.

Infant mortality has decreased one-half since our occupancy of these islands.

The medical officers in charge, to the extent of their financial support by the Government, have tried to teach the people sanitation. It is hard to bring about complete sanitation without a sewerage system—one of the things most needed in the island in connection with sufficient water supply. In the island of St. Thomas they are making some efforts to establish a sewerage system. All agree that some plan must be worked out along this line.

When it was noted that typhoid fever has practically been stamped out by vaccination; that malaria has become almost unknown; that hundreds of operations have been performed in the hospitals and many lives saved; with the astounding decrease in infant mortality that has taken place; and venereal diseases lessened, one can realize the splendid work inspired by an absolute missionary spirit that the medical staff of the Navy has carried on in these islands. And grateful mention should likewise be made of the work of the Red Cross.

The medical service in St. Croix is in charge of a chief municipal physician with the rank of lieutenant, and he is assisted by four municipal physicians of similar rank. There are two hospitals, one at Frederiksted and the other at Christiansted. There is an insane asylum and Richmond sick house under the collective name of "Richmond Sick House," and also a leper asylum. The equipment in the hospitals at Frederiksted and Christiansted is satisfactory, and both are doing good work. We present some of the testimony of Mr. Coulter:

The CHAIRMAN. There has been a great improvement in the health and sanitary conditions of the island?

Mr. COULTER. It would be impossible to describe to you in words the wonderful improvement that has taken place in that department of this island. As a member of this council and as a representative of the municipal committee and the hospital commissioned in Frederiksted for a series of years, I was thoroughly familiar with the conditions that existed in Frederiksted as a member of the hospital commission during the Danish administration and after the American flag came here, which was on the 31st of March, 1917, and I took over the position of inspector of the municipal hospital in Frederiksted on the 15th of July. Dr. Hakansson, who is now chief municipal physician in St. Thomas, was the first American physician that came to these islands that took over the position of municipal physician in Frederiksted just about two weeks after I was inspector of the hospital there.

The CHAIRMAN. And you have a hospital there and a hospital at Christiansted?

Mr. COULTER. Yes, sir. There is also a leprosy island situated about a mile out of town, and an insane asylum. There are one or two things that I would like to state to you. There was a question asked the chairman of the labor union to-day in connection with the infant mortality in the island. So far as he was said, he was notable

to answer what the infant mortality in these islands was previous to the American occupation of the islands. As a member of his counsel, of the three elected to go to Denmark at the time of the question of the transfer of these islands, I thought it was my duty to do so as a delegate, to get all the information possible concerning such matters in the island which they might ask the delegates about, and I discovered then that the statistics concerning infant mortality in 1916 were 62 per cent on this island. Very recently, just before being transferred from my position to the police department, one of my duties was to make an annual report for the health department for 1919. I think I can say that the infant mortality on this island has decreased about 40 per cent since the American occupation. Those are the figures that were given to me at the time, and I think, if I remember right, the exact amount was 62.34 per cent. The decrease has been about 40 per cent, and being transferred from one department to the other I have not had the time to get the exact figures.

The CHAIRMAN. About 38 per cent, isn't it?

Mr. COULTER. Yes, sir; about that.

The CHAIRMAN. Well, you consider that a pretty good thing, don't you?

Mr. COULTER. I should say it is. It reflects credit upon the Navy Department and the Medical Department of the naval administration of this island. I want to say to you gentlemen of the congressional commission that this is entirely due to the increased force of the very efficient doctors which has been put in operation by the Medical Department, by the appointment of midwives in the municipal hospital, by the placing of an ambulance in the island, and the midwives in the residence towns of this island, and all the managers of the estates are given instructions as soon as a laborer comes on their estate that if they are hurt they shall call up the hospital and call for the ambulance. The women are transferred to the hospital, and there is established in each hospital a maternity ward exclusively for maternity cases, and after the delivery is made, about 10 days after, the mother is sent out from the hospital with instructions to report weekly to the hospital with their infants, and there is an inspection and the infants are weighed and observed every week in the hospital on those cases.

(Testimony, pp. 502-504.)

Mr. COULTER. Exactly. I would like to say one word more to go in the record that I think that the health department of this island, with the Navy Department, through its medical officers, has accomplished the most wonderful work that could have been expected, and they deserve the highest commendation and greatest credit—all of the officials of the Navy Department in the island of St. Croix.

(Testimony, pp. 506-507.)

Speaking of the hospitals, Mr. Nolte said:

I know of the difficult work that they have been doing and have been trying to do even before we got the splendid assistance, and I want to ask any man who has the interest of the country at heart if he thinks, by cutting off this source of good living and real help to the health of the people, that he will be doing the right thing in saying "take it away." Just let me make that mention of the hospital question where everybody with one voice has nothing but praise, where mothers are received without one cent of compensation, where they have every benefit, every comfort that money and skill can provide. Yes, there are people who wish it to be taken away. That is something that I could enlarge upon, but I won't. I feel sure that we are satisfied, and I feel sure that we will all say that it is something we can compliment the Government on. I wonder if there is anybody who would like to see that dissipated? That could never be the will of the majority of the people. Is there anybody who would like to see that band disbanded? We feel proud in saying that they are our boys, our native boys, and nobody on due reflection would want to see it done away with as it is.

(Testimony, p. 298.)

One of the best pieces of work done by the Navy has been the development of a splendid band—one at St. Thomas and one at St. Croix. These young men in the bands are moral, enterprising, and set a good example to the other young men of the islands. There is a great ambition among them to become members of the bands. Great credit is due to Commander White for his work along these lines.

LAWS.

The laws in the Virgin Islands date back three centuries and to a large extent are inapplicable to our form of government. The laws are made by colonial councils. St. Thomas and St. John comprise one council district with 15 members, 4 of whom are appointed by the governor and the others elected. St. Croix has a council of 18 members, 5 of whom are appointed by the governor and the balance elected. The laws are antiquated Danish laws. There are men occupying positions in the council of the Virgin Islands who took advantage of the act to retain Danish citizenship under the provisions of the treaty between Denmark and the United States. This should not be permitted; it is un-American. The judge of the court is police master, a member of the colonial tax commission, a member of the colonial council, also is in charge of deeds and mortgages of record. As police master he institutes cases which are tried before him. This is an un-American policy. There is a great need of an entire new code of laws. This has been prepared and we trust soon may be adopted. We insert under this title a letter of the Secretary of the Navy to Judge Towner:

Replying to the committee's letter of October 15, 1919, inclosing a bill (S. J. Res. 69) "Appointing a commission to report on conditions in the Virgin Islands," and requesting the views and recommendations of the department thereon, I have the honor to inform you that the department is in favor of this proposed commission and feels that such investigation of conditions in these islands will result in much good.

There are a number of important matters pertaining to the government of the Virgin Islands that the department desires to call to your attention in this connection. Under the provisions of the act of March 3, 1917 (39 Stat., 1132), all military, civil, and judicial powers necessary to govern these islands are vested in a governor and such person or persons as the President may appoint, and are to be exercised in such a manner as the President shall direct until Congress shall provide otherwise for their government. It is also provided in this act that all laws not directly in conflict with the sovereignty of the United States of America shall remain in force until such time as Congress shall otherwise provide.

While these temporary provisions were wholly wise and necessary for their government during the transition period, i. e., transfer from the sovereignty of Denmark to the sovereignty of the United States of America, the department feels that the time has arrived when some more permanent provision should be made for their government. It is considered of primary importance that Congress should organize the legislative, executive, and judicial departments of the Government on a more permanent and lasting basis by establishing a single assembly for all the islands and granting to it such powers as may be necessary to enable it to legislate upon such questions as affect the greater part of the island group. It has been found practically impossible to obtain legislation on a given point for all the islands with the colonial councils acting separately as at the present time.

The present judicial system of the islands, which is primarily the system that existed before the transfer, should be reorganized and simplified and the system of laws, many of which are antiquated and unknown to our system of judicial procedure, should be codified and modernized. This is particularly true of the laws regulating taxes, which are so drawn that land permitted to lie idle and unproductive is absolutely free from taxation, while the burden of taxation falls most heavily upon the land in cultivation and sustaining extensive improvements. Such laws discourage building and agricultural advancement and are therefore very detrimental to thrift and industry. A revision of these laws that would place a premium upon production and improvements and cause the burden to fall heaviest upon the idle estates of absentee landlords would soon render the islands self-supporting and thus serve to reduce the calls upon Congress for further appropriations to maintain the essential governmental activities therein.

Your attention is specially invited to the necessity for establishing direct sea-borne communication at regular intervals in the coasting trade between these islands and

important ports of the United States. This communication is now maintained by three British steamships of the Quebec Steamship Line, which are permitted to ply between New York and the Virgin Islands by virtue of the act of October 6, 1917 (40 Stat., 392), which authorizes foreign ships to engage in the coastwise trade of the United States until 120 days after the war has ended. This date is now near at hand, and if regular sea-borne communication between these islands and the United States is to be continued it will be necessary to make some further provision for it until such time as the exchange of commodities is sufficient to attract ships at regular intervals.

All the foregoing, together with many other matters, could be investigated to a very great advantage by a commission such as is proposed in bill S. J. Res. 59, and the department recommends that it be enacted.

Sincerely, yours,

JOSEPHUS DANIELS,
Secretary of the Navy.

LABOR.

According to the testimony there are about 4,000 able-bodied laborers on the island of St. Thomas; about 7,000 on the island of St. Croix. A large percentage of these people belong to the unions. The labor unions in St. Croix have about 5,000 members, a majority of them being females. In St. Thomas one labor union has a membership of 3,000 and the other, which is affiliated with the American Federation of Labor, about 900. In St. Croix they have a paper, of which Mr. D. Hamilton Jackson is editor. The labor unions in St. Croix own about 2,200 acres of land—about 400 acres under cultivation and 1,800 acres of it used for pasture. This is partly rented out to workers. There is quite a heavy indebtedness against the land. Some of the commission visited some of the towns upon this land and found misery and want prevalent. On the island of St. Thomas there is a small group with radical ideas—rather noisy, and much given to speech making. Labor has in the past been paid a very small wage. Many of the laborers have gone to Santo Domingo and to Cuba. The planters are mostly foreigners, and they have held labor down, apparently, to less than a living wage. As late as 1916 the average first-class workman earned about 25 cents per day; the second-class laborer 15 and 12 cents per day. Now wages have gone up to around \$1 per day. There is considerable spirit of unrest among the laboring people on the islands—a spirit which is engendered and maintained by a number of radicals who themselves seem to perform little labor. The conditions under which the laboring men and their families live are not good. We set out portions of the testimony of Mr. Ralph de Chabert, president of the labor union of St. Croix, as such testimony appears on pages 484 to 486 of the transcript:

The CHAIRMAN. Tell us now what you have to say about bettering conditions; what have you tried to do to improve labor conditions?

Mr. CHABERT. Well, thousands of laborers were living under the worst conditions; they were paid about 20 or 25 cents a day, and they were ill treated at the hands of the employer. Up to early in 1916 they were paid 20 or 25 cents a day, and they were increased from 25 to 30 for four days' work and 35 for five days' work, 30 cents a day if you work four days or less. We ran on without another change for about a year, and then it was increased from 35 to 40 cents, and we ran for more than a year, and then it was increased to 50 cents.

The CHAIRMAN. How long did that run?

Mr. CHABERT. Pretty nearly two years, and then it was increased to a dollar. I have lived here all my life.

The CHAIRMAN. When these men and women were earning 25 cents a day how did they live?

Mr. CHABERT. They were half starved, and infant mortality can explain that. There was a very large infant mortality in the island, and the Government investigated the condition, and also Dr. Longfield Smith had a committee of the Government. Secretary Baumann was the doctor, and they found that the infant mortality was the result of malnutrition, malnutrition of infants in mothers.

The CHAIRMAN. What was the rate of infant mortality, do you know?

Mr. CHABERT. I do not know the exact rate of infant mortality, but I know that the population decreased at the rate of 300 annually, and I think the majority of it was due to infant mortality and emigration. There was a good deal more sickness then than at present.

The CHAIRMAN. Did these people working on 25 cents a day have any kind of homes?

Mr. CHABERT. Oh, no; just two boxes, or a few pieces of boards to lie on, and they had families. The husband and the wife both worked, so they that could get the 50 cents a day, and when the mother was sick or the father was sick there was only 25 cents a day to support the family.

The CHAIRMAN. Now, are the people getting along pretty well on a dollar a day?

Mr. CHABERT. Well, it has just been started, but they will get along very much better, but even now they can not live on a dollar a day, but it is better.

The CHAIRMAN. Is that paid in American money?

Mr. CHABERT. No; in the francs, the local currency. It will help in this way, the father can work and the mother can work, and if they have any big children they all can work, and by putting all their earnings together, it will be pretty good.

The CHAIRMAN. There is plenty of work in the islands?

Mr. CHABERT. Just at the present time there is.

The CHAIRMAN. Anyone can find work who wants to work at a dollar a day?

Mr. CHABERT. Yes, sir.

The CHAIRMAN. Are the children working?

Mr. CHABERT. Well, the school children are doing a little work, like working among the big worms or parasites, and pulling up little weeds, and they get a few cents for that, and when they leave school, there are two grades, the second class, one called class A, and another class called class B, and class A gets 50 cents a day, and class B 75 cents a day.

(Testimony, pp. 484-486.)

TAXATION.

The tax laws are inadequate, inefficient, and unjust. If an American system of taxation were established the islands could in all probability in a few years become self-supporting. It would seem wise, if necessary, that a tax expert be sent, at the expense of this Government, to take up this question and assist them in working out a tax system. There is no tax on moneys and credits. There is a peculiar tax known as the trade tax assessed on merchants and traders doing business, according to the volume of the business. There are taxes on ferryboats, horses and carriages, and motor cars. There is an income tax under which a single man is exempted up to \$900 a year and a married man up to \$1,800 a year. Allowance is made for children under 17. It is a gradual, ascending tax according to the income. This goes to the government of the island and is levied under laws passed by the council. Business houses are assessed on the floor space and rental value. Farm lands are assessed on acreage. There are no taxes upon ground not under cultivation. Pasturage is figured according to the number of cattle and horses. It is claimed by one witness, Mr. Jackson, that the machinery in the different sugar plants does not bear a fair rate of taxation. According to Bureau of Census reports, as testified to by him, the value is \$106,149, but in fact, as claimed in his testimony, the value is over a million dollars. This indicates a situation as to the tax laws that needs remedying.

The tariff laws are not the same governing the ports of St. Croix and of St. Thomas. There is a fixed tariff on different articles of merchandise that are dutiable coming into the port of St. Thomas of 6 per cent ad valorem; while at St. Croix it ranges from 5 per cent to 25 per cent ad valorem and from 1 per cent to 10 per cent specific. Goods brought to St. Thomas and subsequently shipped to St. Croix pay a duty of 15 per cent. There is an export duty from St. Croix of \$8 per ton upon sugar. The people can import material from the United States without the payment of import duty. The amount of income tax has been far short of what was estimated would be collected. We are rather of the opinion that in some way the payment of income taxes has been avoided, and it would be well that a thorough investigation be made of this subject. We have pointed out enough in the tax laws to suggest that the entire system of taxation needs revision, and this country is greatly interested in the proposition because the deficit in carrying on the government is met by the United States, and this amounts to over \$200,000 per year. We insert here as bearing on this question a little of Mr. Boschulto's testimony:

The CHAIRMAN. And you have 6,700 acres on which you produce nothing and on which you pay no taxes?

Mr. BOSCHULTO. Yes, sir.

The CHAIRMAN. And you would be willing to sell little tracts of that land?

Mr. BOSCHULTO. If I could get it all taken up I would sell. Now, here is what I want to show now [exhibiting some photographs]. You want to get them on the land.

The CHAIRMAN. Are there many more tracts of 1,000 acres owned by different people in the island?

Mr. BOSCHULTO. Yes; there is some. I could not tell you how many.

The CHAIRMAN. There seems to be a good deal of desire here to get some lands here, is there?

Mr. BOSCHULTO. Yes, sir.

The CHAIRMAN. There is complaint that the laws are such that men like yourself who own large tracts of land do not pay taxes on the undeveloped land, and do not want to sell the land, and consequently the people can not get the land.

Mr. BOSCHULTO. I can not get them to take the land for love or money. They do not want to.

The CHAIRMAN. Would you be willing to sell tracts of land if you thought they would work it?

Mr. BOSCHULTO. Yes, sir.

The CHAIRMAN. Those people who rented it; did they work the land?

Mr. BOSCHULTO. Yes, sir; 25 or 30 years ago.

The CHAIRMAN. And you think the people would do it now?

Mr. BOSCHULTO. They probably would. Here are some of the leases on the land [submitting papers].

(Testimony, p. 148.)

We also quote from the testimony of this man wherein he enunciated the somewhat novel proposition that the people were too proud to work:

The CHAIRMAN. Are you willing to sell any of your land?

Mr. BOSCHULTO. Yes; it depends on the price.

The CHAIRMAN. Will you sell it at a fair price?

Mr. BOSCHULTO. Yes, sir. And I am willing to lease.

The CHAIRMAN. Would you be willing to sell it at a price that might be fixed by three impartial men as to the value of the land?

Mr. BOSCHULTO. No.

The CHAIRMAN. You would not do that?

Mr. BOSCHULTO. No.

Mr. CAMPBELL. You pay taxes on your improved land and no taxes on your unimproved land; is that true?

Mr. BOSCHULTO. Yes.

Mr. CAMPBELL. Out in Kansas we pay taxes on all our land, whether it is improved or not. What objection do you have to paying taxes on yours?

Mr. BOSCHULTO. If you are going to tax the uncultivated land, then do not tax the cultivated land.

Mr. CAMPBELL. No; tax it at its value. Tax it at a reasonable value and impose reasonable tax upon the property for local purposes, such as food, keeping up the poor farm, the roads, such purposes as taxes are imposed on lands in all of our States.

Mr. BOSCHULTO. Well, I know that we are pretty well taxed now.

Mr. CAMPBELL. You are not taxed at all on this land that is not under cultivation.

Mr. BOSCHULTO. Well, if you were to try it, there are plenty of landowners here that will not be able to pay it.

Mr. CAMPBELL. Then, they would sell?

Mr. BOSCHULTO. Yes, sir; and it would be going from bad to worse.

Mr. GARRETT. What is the basis for the taxation on land?

Mr. BOSCHULTO. I am not sure, but I think it is 32 cents an acre.

Mr. GARRETT. Is it based on the value or the quantity?

Mr. BOSCHULTO. On the acreage.

Mr. GARRETT. And all cultivated lands are assessed the same without any reference to their location or quality?

(Testimony, pp. 156-157.)

The evidence of Lieut. O'Hagan will help to give a picture of the tax situation. We present a portion of his testimony:

The CHAIRMAN. Can you clear up this tax question?

Lieut. O'HAGAN. I think so. We have here in St. Croix what amounts essentially to a single-tax system, but there is one tax imposed on land; the amount of tax depends altogether on the character of the lands. The tax is 3½ francs, 50 bits for land in cultivation, crop cultivation or cane, and a tax of 66⅔ bits, or the equivalent of 16 cents, in normal times on pasture land, and a tax of 5 bits per acre, the equivalent of a cent in normal times, on uncultivated land. With the exception of the horse, carriage, and boat tax, we have nothing which is the equivalent of what is known as a property tax anywhere else, and with the exception of 10 cents per acre, which has been going into the immigration fund, and the little that accrues from the income-tax fund, those are all the taxes that are paid, and it figures out a matter of about less than 1 per cent on the valuation. In town property—

Mr. TOWNER. Does that mean 1 per cent on the valuation of the total property of the island, including real and personal estate?

Lieut. O'HAGAN. Yes.

Mr. TOWNER. And intangible property as well?

Lieut. O'HAGAN. Yes, sir; everything—machinery, cattle, land, houses, personal property, and furniture.

Mr. TOWNER. How do you reach that estimate?

Lieut. O'HAGAN. By figuring it.

The CHAIRMAN. How do you fix the valuation?

Lieut. O'HAGAN. Well, there is no real method of fixing the valuation. The best method I found in arriving at the valuation is by taking the amount which the national bank of the Danish West Indies will loan on the property as being 40 per cent of the valuation of that property. I had to assume some figure, and I used this.

The CHAIRMAN. Take the case of machinery for sugar-cane factories, there would be no particular tax on that either as real estate or personal property?

Lieut. O'HAGAN. Except perhaps a little tax in the way of import duty when it comes in originally.

The CHAIRMAN. We had testimony this morning that personal property of that kind was in the census figures at a little more than \$100,000 when it was worth a million and a half.

Lieut. O'HAGAN. It might have appeared in the census as a piece of information, but not as a tax proposition.

The CHAIRMAN. It would not affect the tax proposition at all?

Lieut. O'HAGAN. No, sir.

The CHAIRMAN. There is no poll tax?

Lieut. O'HAGAN. No, sir.

The CHAIRMAN. Now, we would like to have you clear up the income tax.

Lieut. O'HAGAN. It has been in operation for only one year. The income tax for 1919. The returns were made and collected.

The CHAIRMAN. How much was paid in 1918?

Lieut. O'HAGAN. 32,000 francs, approximately \$6,000.

The CHAIRMAN. And that covered all of the individuals and the corporations on this island?

Lieut. O'HAGAN. Yes, sir.

The CHAIRMAN. And the corporations capitalized for a couple of million dollars?

Lieut. O'HAGAN. They have large capitalization, and I endeavored to get a return on the tax from a concern in Copenhagen, but I had no reply. It was probably taken up through diplomatic channels.

The CHAIRMAN. How much tax are you claiming on that?

Lieut. O'HAGAN. If my recollection serves me right, something like 4,000 francs.

The CHAIRMAN. There seems to be an impression that some of these concerns are getting out of paying their income tax.

Lieut. O'HAGAN. I made no investigation of the last income tax when I came, because when I came here it was completed.

The CHAIRMAN. You think it would be a good idea to have an inspector from the Treasury Department of the United States come down here?

Lieut. O'HAGAN. I have recommended some such thing in the collection of this present tax, and I do not know whether one has been detailed or not.

The CHAIRMAN. It is pretty hard for the United States to appropriate a lot of money to help along the island if the corporations are not paying their share of the taxes.

Lieut. O'HAGAN. It would seem so. You will notice by referring to the last year's budget and this year's budget that the amount listed in there is expected to come from these corporations.

The CHAIRMAN. From your knowledge of the affairs of this island and the business of this island and the corporations of this island and the individuals of this island, do you think that \$6,000 is a fair income tax return?

Lieut. O'HAGAN. Emphatically no.

The CHAIRMAN. Will you give us your judgment as to what it should be?

Lieut. O'HAGAN. Well, based on the merest conjecture, I should say, taking into consideration about \$2,000,000 worth of sugar from the fields, it ought to represent something like \$40,000.

(Testimony, pp. 448-451.)

We also insert portions of the testimony of Mr. Bornn on this subject:

The CHAIRMAN. Is there any tax on lands in the country?

Mr. BORNN. Yes; there is a tax on lands in the country, but I am speaking about the towns; the dwellings and the stores and all of the buildings are taxed, but the value is not assessed for taxation. The tax is divided into three sections; first there is what we call the building tax; the property pays 2 cents a square ell on the area it covers. I am not prepared to say just how much that is, but I think it is four square feet or about two two feet. Then the same property pays according to the rental received, and it is charged 4 per cent, and then of the amount that is collected on rentals 25 per cent is charged for paying the electric light of the town. That is how the real estate pays taxation in the town.

The CHAIRMAN. Is the furniture in the house paying taxes?

Mr. BORNN. No. The building tax is paid according to the area the building covers, and it amounts to \$11; the house tax, which is paid according to the rental, amounts to about \$7, and the land tax is one-fourth of that \$7, or \$1.75. That is, a building that pays about seventeen or eighteen dollars a year tax. The house tax varies, of course, according to the value of the real estate and the rental received and the building tax remaining the same regardless of how the property value goes up or down.

Senator EDGE. What is the value of that property approximately?

Mr. BORNN. That house is worth about two thousand dollars, including the land and all, and pays about 9 per cent. I think many houses pay about 10 per cent taxes, and the largest buildings here in many cases receive a smaller rental, and therefore pay a larger proportion of the taxes, because even if the rental is a small amount, the area being large, that property tax remains high.

The CHAIRMAN. Do you pay any tax on the stock of goods?

Mr. BORNN. No.

The CHAIRMAN. On the floor space?

Mr. BORNN. No, but the space that the whole building covers. Some properties pay as much as 20 or 25 per cent of the rental value.

Senator EDGE. And how do you fix the rental value in the annual estimate?

Mr. BORNN. The annual estimate, it goes to the tax commission and they accept that valuation or give it their own valuation.

The CHAIRMAN. What constitutes the tax commission?

Mr. BORNN. There are several tax commissions. We are speaking of the real estate tax commission. It is as follows: The Colonial Council takes two men for each part of the town and sit with the governor's secretary and receive these reports.

The CHAIRMAN. And they find whether it is a fair return.

Mr. BORNN. The town is divided into three quarters, and that tax commission, I think Monday they commence to sit at this part of the town, and that is called the King's quarter, and the commission will sit on Monday, Tuesday, and Wednesday, I think. Then three days after the commission sits for the middle part of the town, which is called Queen's quarter.

Senator EDGE. On what theory do you exempt this uncultivated property?

Mr. BORNN. I do not know. It gives no revenue to the owner, and we have been in such distressful circumstances that it was impossible to build, and rents were so low that at one time it was impossible to build any new houses.

Senator EDGE. Are you still of the opinion that it is the correct theory, in view of all the testimony that you have listened to here, particularly relating to uncultivated lands?

Mr. BORNN. I am going to take that up when we come to the estates.

(Testimony, pp. 260, 261, 262.)

It may be of interest likewise to note the testimony of Mr. D. Hamilton Jackson, a labor leader, on the subject of the islands being self-supporting in connection with this proposition:

When it is said that the islands can not support themselves, I am of the opinion that the matter has not been carefully studied. For instance, according to the United States Census Bureau returns, there were in St. Croix alone 49,206 acres of farm land, with a value based at \$3,706,911, including buildings, or an average of \$60 per acre. At this rate the value of farm land in St. Croix would be \$2,952,316. But this is in theory, and put in practice we find farm lands selling for \$80 per acre on the average. As an evidence of this, an estate of 600 acres has just been sold for \$28,000.

Again, I find that the average value of the farm is put down at \$8,621, and yet, using the average price of \$60 per acre as sent out by the Census Bureau, I find that the estate just mentioned should have been put down at an average of \$36,000. If the figures used by the Census Commission are according to the register, it will be plainly seen by any man who has two eyes set horizontally in his head that a reassessment of the value of land is necessary in these days. Also I find the value of implements and machinery put down for the three islands as \$106,649. This, to me, is a big joke, when it is taken into consideration that the machinery at Bethlehem factory was worth at that time nearly a million dollars.

The CHAIRMAN. What year was that?

Mr. JACKSON. That is 1917, with a steam plow valued at \$28,000, a motor plow valued at \$1,000. Then, we have the machinery at the Central Factory valued at nearly \$300,000, La Grange Central valued at nearly \$200,000, Hogensborg Works at \$10,000, Whims Works at \$8,000, and Diamond's at \$6,000, Clifton Hill at \$4,000, or in all of a worth \$1,590,000 in machinery and implements alone.

The CHAIRMAN. Are taxes paid on personal property of that kind?

Mr. JACKSON. No; on the real estate.

The CHAIRMAN. The real estate attached to the property?

Mr. JACKSON. Real estate. In 1917 the sugar crop was estimated at \$442,120. Last year St. Croix shipped over \$1,000,000. This year it is expected the sugar manufactured in the island will reach a value of \$2,000,000. You can now look at the farmland value in the island, and then turn to the budget, and we will see that the revenue from this source is alarmingly small, not more than about \$24,000, not taking into consideration the thousands of uncultivated acres not taxed. It is my opinion that the taxation is unequal—some pay too little, while others pay too much. For instance, you have a property owner in town paying \$97 a year taxes on \$8,000 worth of property, while an estate of 120 acres pays only a matter of \$37. It must also be understood that at present on most of the plantations agriculture is carried on in the most primitive way, and consequently poor results attend them.

(Testimony, pp. 337-339.)

At St. Thomas it was urged upon the commission that St. Thomas be made a free port—that it would greatly stimulate business in

the islands and help to bring St. Thomas back to its old-time position. There is but little trade left at St. Thomas. In the old days when there was much bunkering of boats in this splendid harbor it was a place of great activity and one of the noted places of the West Indies. While there is probably some romantic exaggeration in Gertrude Atherton's description of St. Thomas given in "The Conqueror," yet it is true that St. Thomas was a proud city with great activities, now only a dream. The blight of lessened business is seen everywhere. Goods from America are free. There is a 6 per cent tariff on foreign goods. This produces only about \$7,000 a year. Under the Danish system customs and revenues amounted to something like \$40,000. In 1910 there was \$540,000 worth of coal imported. This was used in bunkering the boats. That has gone down now to almost nothing. A free port might turn this poverty-stricken place into a flourishing community. The people of St. Thomas are practically dependent upon the harbor, and the question of a free port is one for serious consideration. There are difficulties, of course, in the way, as undoubtedly the people of St. Croix would feel they should have a free port if St. Thomas had one. We offer this merely as a suggestion for future consideration. In this connection we attach some of the testimony of Mr. Le Roy Nolte before the commission:

The first point now is about the harbor. On this committee we have arranged two things, the harbor affairs and retaining the naval administration. You have, no doubt, heard a great deal about St. Thomas and its harbor. It is to us—that is, the harbor to our life is as the heart is to our bodies. It is the commercial pulse of the island. When it is filled we work, and when it is empty we feel it. When it is full we feel better. That harbor, to our great regret, has been going slowly and slowly down. I won't take you back to those days when it required towboats to get vessels out of the port, but it will give you an idea.

THE CHAIRMAN. That has been within your memory?

MR. NOLTE. A good deal of it. I used to be a newsboy and I took the papers to my customers every morning. I have known 37 deep-sea vessels to arrive here between Saturday night and Monday morning. Our harbor was not large enough to accommodate the ships. The harbor has been going down gradually, due to changes, the opening of communication, telegraphing, and one thing and another, and it has made our port dwindle. Time passed and it was on the decline. Many things were tried to save it, and one of the things that greatly hampered our trade was the competition that gradually sprung up among the British Islands. It still continues. Among the things which helped greatly, was the establishment many years ago of the steamship line and it has been one of the greatest sources of our prosperity. The development of that line meant the development of the town and the island in general. They were very prosperous, and so were we. Gradually when the war came that prosperity commenced to decline and it has been changed since then. Prior to that we find that the sources of our prosperity, the one on top of the list, would be coal. As I have enumerated, and you may have noticed in that article, Mr. Chairman, and I needn't go over them again, because the sources on every side have not only been reduced, but the principal ones have gone, and it is hard for one to say anything better. I want to call your attention to the fact that we have practically nothing to depend upon, even the harbor is an uncertain quantity, and that is one of the reasons why we plead for the retention of the Navy. We have been reduced from 10,000 tons of coal in a month to 9,000 in six months. More eloquent figures of the decline of the trade could not be furnished. We were connected by steam five or six times a month with Europe, and all over the world almost every day, and we had a large passenger trade, tourists by thousands, and you know what American tourists mean. All of those things we have simply had to close our eyes to and smile and await developments and hide the tears. Latterly prohibition has played its part. I do not champion that cause one way or the other. It has been enacted and is to be respected, whatever differences there may be about it.

THE CHAIRMAN. What is the law now?

Mr. NOLTE. It is that all traffic in liquor of every kind, excepting malt liquors, is forbidden, but I want to say that through prohibition it has struck a heavy blow, especially in the matter of the foreign shipping trade. It is one of the latest blows that the shipping trade has received. It has crippled the trade here, because it was a legitimate trade, no matter what harm it did. I have the figures showing a considerable amount of trade in that, and I have been told with some accuracy and authority that some vessels do not call here on that account. A passenger on a tourist ship from New York City told me the other day, a gentleman of standing, from all appearances, he had expected 300 tourists on that steamboat and 22 arrived, and he told me in a conversation in the Grand Hotel that the reason was that it was a dry boat. Now, going back to figures, you will see that from 120,000 tons of coal a year prior to the war we have been reduced to almost nothing. There is, with regard to the loss of income from prohibition and other causes, a general falling off in trade, and we find our budget shows a paltry \$72,000 income estimated, including \$18,000 income tax. If we look forward to a decline, we may see a decline in all of our revenue. But what I want to emphasize in regard to the harbor is that we be given some means to promote that. We ask the commission to take into consideration the making of the harbor as free as possible and to limit or avoid the application of any measure or rule that might apply on American regulation rules or American tariff: that would only hamper things. We want to be as free as we can, because the cheaper we can get things out of the harbor the greater the inducement and the greater the chance of retaining the mere remnants of trade that now remain.

Senator EDGE. Won't you amplify your statement as to just what the embargo is now in the harbor existing to-day, so that the Congressmen may reach an understanding of the situation now?

Mr. NOLTE. The situation now is that we have 6 per cent duty on imported, foreign imported, goods. Everything from America is free. There is a tariff between St. Thomas and St. Croix that admits certain things free of duty. There is much information on that point and it may be received from recent works published by the Department of Commerce. We have a tariff on foreign goods, and we are afraid that if the application of a tariff should interfere with these cheap rates, and it is practically an open harbor, or it is very small—we want to avoid any application of a stronger tariff.

Senator EDGE. What you desire now is the elimination of the 6 per cent tariff?

Mr. NOLTE. If possible.

The CHAIRMAN. Do you want a free harbor?

Mr. NOLTE. As free as you can make it.

Senator EDGE. Is that the only present tariff on imports, 6 per cent?

Mr. NOLTE. On foreign goods ad valorem, and we want to eliminate that. Of course a free harbor, in another sense, is that you create an opportunity for manufacturing and one thing and another and I will refer you to one of the committee in regard to that.

The CHAIRMAN. What is your definition of a free harbor?

Mr. NOLTE. Where everything is free and there is opportunity for importing and manufacturing and reexporting at a cheap rate.

Mr. CAMPBELL. Who fixed the 6 per cent rate?

Mr. NOLTE. It was fixed by this council with the authority of the governor.

Mr. CAMPBELL. How much revenue do you derive from that?

Mr. NOLTE. It used to be about \$40,000 a year before the American transfer.

Mr. CAMPBELL. At this time, I mean, is it that much?

Mr. NOLTE. No; at this time it is about \$7,000, and that is for foreign goods.

(Testimony pp. 93 to 97.)

We quote this because it seems to give a good idea of the situation as to the harbor. A study of the trade statistics from 1900 to 1917 show a very small amount of exports and imports between the islands and the United States. Most of the islands' production went elsewhere and our exports to the islands are simply coal.

We attach a statement of custom duties received at the custom house at St. Thomas.

Statement of duties and sundry revenues—Islands of St. Thomas and St. John.

FROM APR. 1, 1917, TO JUNE 30, 1918.

	Ship's dues.	Animal inspec- tion.	Duties.	Invoice and cer- tificates.	Extra service and fines.	Interest and ex- change.	Sale of blanks.	Total.
April.....	\$5,886.95	\$300.35	\$7,149.45	\$32.75	.....	\$6.50	.....	\$13,376.00
May.....	5,916.20	346.95	9,206.90	217.60	\$80.00	2.65	.....	15,770.30
June.....	2,769.20	349.65	8,031.45	95.90	130.00	2.00	.....	11,378.20
July.....	2,864.95	282.80	2,910.55	88.50	10.00	2.90	.....	6,159.70
August.....	3,768.20	355.00	6,656.00	97.00	.....	2.60	.....	10,878.80
September.....	8,042.90	353.60	7,270.50	140.00	.....	2.40	.....	15,809.40
October.....	2,686.70	322.05	5,071.05	49.50	60.00	.70	\$25.70	8,215.70
November.....	6,252.95	314.55	5,003.90	105.00	80.50	1.10	15.45	11,773.45
December.....	2,351.75	264.95	10,757.10	66.50	144.00	.....	17.10	13,601.40
January.....	1,699.50	204.50	4,258.85	91.50	92.00	13.85	6.30	6,366.50
February.....	3,300.00	180.05	3,329.40	75.50	110.00	.75	.....	6,995.70
March.....	2,728.40	246.60	20,164.15	113.50	121.00	.....	.....	25,374.25
April.....	4,859.15	245.65	13,216.30	42.00	147.00	1.00	.....	18,511.10
May.....	3,474.35	209.25	7,096.15	32.00	142.00	.20	.....	10,953.90
June.....	2,608.15	219.05	3,360.60	99.00	76.00	1.10	.....	6,363.90
Total.....	59,209.35	4,194.95	113,482.35	1,346.25	1,192.50	38.35	64.55	179,528.30

JULY 1, 1918, TO JUNE 30, 1919.

July.....	\$2,686.05	\$316.30	\$4,228.45	\$60.50	\$305.00	\$0.70	.....	\$7,597.00
August.....	1,387.60	264.10	2,769.30	30.00	211.00	4.70	.....	4,666.70
September.....	5,350.15	272.20	2,037.85	84.00	224.50	.80	.....	7,969.50
October.....	3,914.20	339.00	4,923.40	20.00	142.00	.60	.....	9,339.20
November.....	4,944.95	318.95	2,640.00	21.00	237.00	.50	.....	8,162.40
December.....	9,614.20	327.70	6,864.05	57.00	249.00	.80	.....	17,112.75
January.....	9,287.75	259.40	2,004.65	205.30	175.10	.40	\$120.00	12,052.60
February.....	2,068.75	235.95	1,802.40	25.00	148.00	.80	225.00	4,505.90
March.....	2,068.95	198.55	6,911.35	62.00	146.00	.....	315.00	9,702.85
April.....	2,640.05	200.20	3,189.00	28.10	164.00	.80	165.00	6,387.15
May.....	2,659.80	283.05	4,070.10	62.40	249.00	.....	130.00	7,454.35
June.....	3,239.90	387.50	3,295.10	41.40	305.00	.....	175.00	7,443.90
Total.....	49,863.35	3,402.90	44,735.65	696.70	2,555.60	10.10	1,130.00	102,394.30

JULY 1, 1919, TO DEC. 31, 1919.

July.....	\$1,611.40	\$381.05	\$2,324.60	\$100.40	\$253.00	\$24.85	\$95.00	\$4,790.30
August.....	5,325.45	492.65	7,622.70	22.90	254.00	.....	135.00	13,852.70
September.....	1,574.65	455.80	2,805.10	15.60	259.00	.....	160.00	5,270.15
October.....	13,373.50	402.50	3,768.15	30.85	265.00	.....	155.00	17,995.00
November.....	8,613.35	566.20	3,744.80	24.90	445.00	.....	345.00	13,739.25
December.....	7,847.10	452.10	7,255.10	100.65	645.00	.....	435.00	16,734.95
Total.....	38,345.45	2,750.30	27,520.45	295.30	2,121.00	24.85	1,325.00	72,382.35

THE COAL QUESTION.

Closely connected with the harbor situation is the coal question.

At the time the commission visited St. Thomas there were only about 400 tons of coal there and we found there was practically an embargo on coal. It seemed impossible to secure it for the ships that came into the harbor. Most of the ships, however, even our own, were going past St. Thomas for coaling at the Barbados. The facilities, according to the testimony of Commander Laub, were better at St. Thomas than at the Barbados. They could be coaled at St. Thomas with an average speed of 100 to 125 tons an hour, while at the Barbados they could not exceed one-half of that amount.

The commission took this question up with the Shipping Board upon our return and asked for an explanation. It was stated that the Barbados being nearer the Argentine boats could coal there for

the round trip, and could not do so at St. Thomas. Whatever the reason may be, the matter has now been remedied and Judge Payne of the Shipping Board informed the committee that as far as practicable our boats would coal at St. Thomas. It may be a little more expensive, but the question of the life of the people of St. Thomas is involved in this matter.

The testimony before us was to the effect that this government would be compelled to ration the people within three or four weeks unless the bunkering of coal for our boats was resumed as the great industry of St. Thomas.

Orders have now been issued for the sending of a large amount of coal there and we trust it will relieve this situation.

WATER.

One of the paramount questions involved in the development of the health and happiness of these islands is an adequate water supply. The well water there is not good. The people are dependent upon cisterns, iron receptacles, and barrels for drinking water. The greatest misfortune of these islands is the lack of water. It has been so bad that one year it was necessary to import water. Nor can any adequate system of sanitation be carried out until this question is met. Some effort has been made looking to the construction of a reservoir in the mountains at St. Thomas and plans are being worked out for a water system. It is estimated that a proper water system for St. Thomas will cost about \$250,000; probably nearly as much for St. Croix. This is a vastly more important question to these people than the question of civil government. Some way must be found for our Government to cooperate with the people of these islands in solving this, the most important question involved in their situation.

EDUCATION.

The Danish system of public schools has been continued under the American occupancy. Attendance is compulsory between the ages of 7 and 13 years. Fines are levied against both the parents and children for the unexcused absence of the latter from school. The language used in the schools in practically all the classes is English. Instruction above the grades is not given, although the able and efficient director, Mr. Henry C. Blair, hopes to establish this year two or three high schools with a three-year course, if funds can be obtained.

There are about 3,500 pupils enrolled in all the grades, but regular attendance is impossible because of lack of schoolhouses and teachers. Some of the children are allowed to attend in the morning and others in the afternoon, and some have difficulty in attending school at all. In Charlotte Amalie they have made over for school purposes an old Lutheran chapel, an old Moravian church, and an old hospital. It is exceedingly difficult to obtain teachers, first, on account of living conditions, and, second, on account of the small salaries paid. The average salary paid now is about \$25 per month and the teachers are nearly all natives. The director hopes that by the establishment of the high schools which he contemplates he may prepare those who will be qualified to teach the grades throughout the islands.

There has been very little vocational training given the pupils so far, but a commencement has been made, and if funds can be secured it

will be extended as rapidly as possible. This training with some work in domestic economy is among their greatest educational needs. The director states that they should have at least four times the amount now expended on the schools to bring them anywhere near the American standard. They have almost no apparatus; no desks are in the schools except a few in one of the town schools. The students sit on wooden benches without backs. They have not enough books for the pupils.

While for many reasons the interest in education in the islands is not what it should be, the children are bright, learn easily, and are easily interested. The parents want their children educated, but are very ready to have them leave the schools if they can secure work in the fields at 30 cents a day. On the whole, the director believes that the outlook is encouraging if they can but secure the necessary funds.

It is especially encouraging that the children are very much interested in the United States and are very patriotic. The history of the United States is taught in even the grades, and the children can sing our national airs even better than can many of our own school children.

A great need of the islands is the establishment of libraries for the three principal towns. When the American director took charge of the schools three years ago there were not available to the pupils, the teachers, or the public even a dictionary or an encyclopedia or any scientific or technical works or works of general literature of any kind. It is encouraging to know that the Junior Red Cross in the United States has become interested and by 1-cent contributions is trying to send some books to the islands.

LANDS.

According to the census of 1917, the area in acres of land was as follows:

<i>Area in acres.</i>	
St. Thomas.....	18,080
St. John.....	12,780
St. Croix.....	53,913
	<hr/> 84,773

<i>Acres in farms, census 1917.</i>	
St. Thomas.....	10,683
St. John.....	10,003
St. Croix.....	49,206
	<hr/> 69,892

82 per cent of the total area.

<i>Area in farms, census 1917.</i>	
Farms of 5 acres and under.....	219
Farms of 5 acres up to 1,000.....	195
Farms of 1,000 acres and over.....	16

<i>Suitable for sugar cane.</i>		
		Acres.
St. Thomas, 60 per cent of farm area.....		6,500
St. John, 50 per cent of farm area.....		5,000
St. Croix, 70 per cent of farm area.....		34,500
		<hr/>
Total.....		46,000
Available for other crops.....		23,892

We found much complaint among the people because they could not secure small tracts of land. Much of the land is held in large tracts, some by nonresidents. Uncultivated lands are untaxed. This is not conducive to the sale of the land and the working out of the problem of securing small tracts of land by people of small means. There is very little leased land on the islands. Some of the owners claim that those who talk about leasing will not work the lands. Others claim there is a distinct desire to get back to the land. Mr. Holst, a very substantial witness, testified that some years ago \$5 an acre was about the average value of the soil in St. Thomas. Tracts of it were purchased by people and they seem now unwilling to part with it. Some of the owners seem to feel that by holding the land for 20 or 30 years they will get fabulous prices for it. One witness stated that he did not think any land could be purchased in St. Thomas. A system of taxation on uncultivated land might change the idea of some of these owners. During the administration of Gov. Oliver an attempt was made to work out a plan for leasing of lands. Maj. Dyer, acting for Gov. Oliver, made arrangements whereby people could secure these lands for leasing by applying to the governor. He stated in his evidence that not a single application was ever received.

ROADS.

There are about a hundred miles of roads on the island of St. Thomas. One-third could be used by vehicles, a very small number by automobiles, and the balance on horseback. The development of roads is a very necessary thing. It was estimated by some of the Danish engineers before we took over the islands that the expense of putting the roads in decently good order in St. Thomas would be about \$2,000 a mile. Others estimate it at \$5,000 a mile. A good road system in this island is necessary to its proper development. St. Croix is different in having a fairly good system. Likewise, in St. John, travel can only be undertaken by horseback. The development of roads would not only be helpful to the people of the islands but would help develop a tourist trade. With the acquisition of water and the development of good roads and hotel facilities these islands might become a great resort for the people of the United States. Certainly the climate would be appealing to them.

IMMIGRATION.

There has been considerable trouble in the islands, especially in St. Croix, with reference to immigration. St. Croix has what is known as an "immigration fund," and there is now on hand in this fund something like \$121,000. This grew out of a law passed many years ago under Danish rule for the purpose of stimulating immigration into the islands.

The law provided for the imposition of 10 cents per acre on every acre of useable land in St. Croix to be used in promoting the agricultural interests of the island through the importation of foreign labor when necessity demanded it or otherwise. Lawbreakers and undesirable characters from other islands were sent to St. Croix and the labor supply exceeded the demand.

Upon our acquisition of the islands the importation of laborers was absolutely prohibited by executive order made by the governor. The theory of the order was that there was no shortage of labor in St. Croix if the people were willing to work.

This fund has grown to the figures hereinbefore stated, and the question of the disposition of this fund is one of importance to the people there. Whether under the act it can be used for roads or other purposes in the stimulation of agriculture is, perhaps, a doubtful question, but one that must be worked out by the legal authorities. We attach hereto a statement presented to the commission by Mr. A. J. Blackwood, representing a municipal committee of St. Croix. The immigration problem has been rather serious owing to the fact that there are at present no immigration laws in the islands by which undesirables may be kept out. There are no immigration inspectors. Cases of contagious diseases have been admitted which have been refused at other ports of the United States. These matters have been brought to the attention of the Public Health Service of the United States through local representatives of the department at St. Thomas, but there has been no way devised to remedy this. This is a problem needing immediate attention.

THE ST. CROIX IMMIGRATION FUND.

A draft of a law for raising this fund was introduced in the Colonial Council meeting held Monday, July 10, 1854, by Planter Frank Newton, then owner of the estate Castle, and member of the Colonial Council.

The mover, Mr. Newton, explained fully the urgent necessity of the proposed institution, and based the same on statistical statements showing an annual decrease of the number of laborers.

The total number of laborers were:

In the year—

1841.....	16,632
1846.....	15,328
1850.....	13,745
1852.....	13,291
1853.....	12,865

Thus in 12 years the number was reduced with above 4,000 individuals, besides deducting from the present number about 3,000 unable laborers; he subsequently pointed out, that the want of laborers has caused, that the present crop, in spite of the favorable weather, was only a middling one, about 12,000 hogsheads, while it, in case the same force was available as in the year 1846-47, without doubt, would have amounted to 20,000 hogsheads. This retrogradation had taken place notwithstanding the planters had spared neither trouble nor expense in order to make up for the wanting force of labor by machinery and cattle, and by improved agriculture.

These wise old planters voluntarily agreed to the imposition of 10 cents per acre on every acre of usable land as a special tax for a special fund for a local purpose, viz, the upkeep of the agricultural interests of the island, through the importation of foreign labor when necessity demanded it, or otherwise.

The local government seeing the necessity were in full sympathy with the move, and on the 6th day of June, 1862, His Majesty King Frederik the Seventh, sanctioned an ordinance for raising funds in aid of immigration to the island of St. Croix.

The introduction of the ordinance reads as follows: Make known: On the report of our minister of finances, who has laid before us the most submissive report of the Colonial Council for our West India possessions on a draft of ordinance for raising funds in aid of immigration to the islands of St. Croix, we most graciously decree:

Paragraph 1: In order to promote the introduction of laborers from foreign places to the island of St. Croix, a separate fund, to be called the immigration fund, shall be provided for by the Land Treasury of St. Croix, out of which the expenses connected with such importation of laborers shall be defrayed.

Paragraph 2: Deals with the method of raising the fund and of liquidating the original debt, which has all been accomplished so need not be quoted here.

Paragraph 3: The following taxes and revenues shall be assigned to the immigration fund:

(a) The tax imposed by the ordinance of 13th September, 1855, paragraph 2-A, to the Land Treasury of 10 cents on every acre of landed property in the island, with the sole exception of such land that can be proved to be of no use or value whatever, for the year 1861 and subsequent years.

(b) The amount of the above-mentioned tax which has been collected for the years 1859-60, pursuant to the ordinance of the 24th April, 1860, and which has hitherto not been applied for defraying expenses connected with the importation of laborers to the island;

(c) An annual subsidy from the Land Treasury, to be paid from other revenues of the said treasury, and to amount to so much, that the revenue enacted under letter a shall together with the subsidy amount to \$6,000 per annum.

(d) This section was last amended by the ordinance of the 13 of February, 1873, prescribing that the person employing the laborer for the first year shall defray one-third part of the expenses attending the introduction of the immigrant into the island, and the remaining two-thirds shall be defrayed by the immigration fund. As no one ever contracted an immigrant for the second year, the balance of the paragraph was never applied, the fund being in a healthy condition, and the prices of sugar and other products very low from 1890 to 1912 the fund was allowed to pay the two-thirds and the planter one-third of the expenses of importing laborers.

Paragraph 4: From the immigration fund shall be defrayed:

(a) The yearly sums for the gradual paying off of the debts and the interest on the loans contracted for providing the fund;

(b) All expenses connected with the introduction of laborers from foreign places to St. Croix for public account whether these expenses arise directly from the engagement of laborers, and their passage to the island, or from salaries, payments, or other outlays for the above-mentioned purpose.

(c) Such expenses as may be necessary in order to meet the rights of the immigrants to free return-passage, in case they have this right, according to the contract that have been entered into on their engagement;

(d) Bounties to aid or encourage introduction of laborers from foreign places to the island by private arrangement, in case there should be found occasion later to promote immigration in this manner.

The ordinance of July 2, 1866, paragraph 3: The immigration fund shall be administered by the Government, who will every year furnish the Colonial Council with a statement of the means belonging to the fund, and also lay before the council for its approval an estimate of the revenue and expenditure of the said fund for the following financial year.

The immigration tax, the father of the fund, yields a revenue of \$4,800 per annum, the annual subsidy mentioned in paragraph 3, section c, that was contributed from other revenues of the Colonial Treasury up to 1906, was \$1,200 per annum, making the annual contribution to the fund from the tax and subsidy \$6,000.

It would seem that the above should be sufficient to establish the intent and purpose of the fund and to convince any reasonable mind that it was created for and has been maintained as a local institution, for the upkeep of the agricultural interests of this island, which is at present and always has been subject to a shortage of field laborers and long periods of dry weather which militates very much against producing average crops.

The census of the Virgin Islands of the United States, dated November 1, 1917, places the total population of St. Croix at 14,901 and it appears from the table of occupations, that the field laborers would total about 6,000 of all classes from 10 years old and up. Compare this number with Mr. Newton's total of 12,865 in the year 1853, and it should be convincing proof that there is serious need of maintaining the immigration fund for the purpose designed.

This island has imported steam plows, motor plows, and probably as many labor-saving agricultural implements, as any sugar-producing country of a like area, and have made good use of them.

Planters have always been very zealous in guarding this fund, portions of which has been used more or less annually as bureau loans to help planters through the dead season, security for the same being given in their crop. And during its long history of operation only one small loss of \$311.30 has been recorded, which happened through crop failure.

According to the statement of the Government bookkeeper the status of the fund on June 30, 1919, was as follows:

ASSETS.

Estate Betty's Hope & Coopers Bay, 5 per cent p. a. mortgage.....	\$5, 274. 00
Estate Barren Spot, 5 per cent p. a. mortgage.....	8, 000. 00
Estate Anna's Hope Experiment Station, 5 per cent p. a. mortgage.....	10, 377. 30
Estate Anna's Hope, motor plow.....	6, 300. 00
Third Liberty loan bonds, 4½ per cent.....	73, 500. 00
Cash deposited in National Bank of the Danish West Indies.....	18, 120. 97

121, 572. 27

(Signed) A. J. BLACKWOOD,
Chairman Municipal Committee St. Croix.

MAIL AND PASSENGER SERVICE.

The mail and passenger service to the Virgin Islands from the United States is, in a very unsatisfactory condition. The Quebec Steamship Co. have from two to three sailings from New York, with St. Thomas as their first stop enroute to the British West Indies. That has been the only direct passenger service between the Virgin Islands and New York. This line carries mail, but the main mail and passenger service is from New York to San Juan, P. R., by steamships of the New York & Porto Rico Steamship Co., and from San Juan to St. Thomas and St. Croix by small sailing craft. Sometimes this craft consumes two or three days in making the trip between San Juan and St. Thomas. This craft also carries passengers to and from San Juan and the Virgin Islands. There is much discontent over the situation as to the mail and passenger service. Especially is this true of the people of the island of St. John, where the mail service has been given up entirely and the people receive no mail except as they to go St. Thomas. The post office was abolished about nine months ago. It should be stated, however, that the amount of mail going to the inhabitants of the island of St. John is quite small, there being an average of about 20 letters per week, and the service was discontinued partly because of the very large expense as compared with the amount of mail and partly because of the difficulty in securing its carriage.

NATIONALIZATION.

Under the present condition of affairs some of the people on these islands, and others who were there at the time of taking over by this Government, are in doubt as to their national status and their citizenship. The commission took this matter up with the State Department, and attaches hereto a letter from Hon. Frank L. Polk, Acting Secretary of State, with reference to this question. The State Department holds that the status of the inhabitants of the Virgin Islands is similar to that of the Philippine Islands. That is, they do not have the civil and political status of citizens of the United States, but they do have American nationality and are entitled to the protection of the American Government:

DEPARTMENT OF STATE,
Washington, March 9, 1920.

HON. WILLIAM S. KENYON,
Chairman Joint Commission to Visit the Virgin Islands,
United States Senate.

SIR: At a meeting of the Joint Commission to Visit the Virgin Islands, held on Tuesday, March 2, you requested the representative of the solicitor's office of this department to send you a written statement concerning the citizenship of inhabitants of the Virgin Islands.

I have the honor to quote, for your convenience. Article VI of the treaty between the United States and Denmark of January 25, 1917, which reads as follows:

"ARTICLE 6. Danish citizens residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell or dispose of such property or its proceeds; in case they remain in the islands, they shall continue until otherwise provided to enjoy all the private, municipal, and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable position in respect to the above-mentioned rights and liberties than they now enjoy. Those who remain in the islands may preserve their citizenship in Denmark by making before a court of record, within one year from the date of the exchange of ratifications of this convention, a declaration of their decision to preserve such citizenship; in default of which declaration they shall be held to have renounced it and to have accepted citizenship in the United States; for children under 18 years the said declaration may be made by their parents or guardians. Such election of Danish citizenship shall not, however, after the lapse of the said term of one year, be a bar to their renunciation of their preserved Danish citizenship and their election of citizenship in the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States for other inhabitants of the islands.

"The civil rights and the political status of the inhabitants of the islands shall be determined by the Congress, subject to the stipulations contained in the present convention.

"Danish citizens not residing in the islands but owning property therein at the time of the cession shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish citizens residing in the islands and remaining therein or removing therefrom, to whom the first paragraph of this article relates."

As Congress has not yet passed an act determining the civil rights and political status of the inhabitants of the islands, the department in issuing passports to inhabitants of the Virgin Islands who, under the provision of the treaty, appear to be entitled to the protection of this Government, merely describes them as "inhabitants of the Virgin Islands entitled to the protection of the United States." The status of such persons is considered analogous to that of those inhabitants of the Philippine Islands, who, under the provisions of the treaty with Spain of December 10, 1898, and the act of Congress of July 1, 1902, are held to be "citizens of the Philippine Islands, owing allegiance to the United States," and are granted passports as such; that is, they have American nationality and are entitled to the protection of this Government, but have not the civil and political status of citizens of the United States. I have the honor to be, sir,

Your obedient servant,

FRANK L. POLK, *Acting Secretary of State.*

CURRENCY QUESTION.

One of the glaring inconsistencies of the existing conditions in the islands, which in its present shape is creating a great spirit of unrest, and is absolutely unfair to the population, is the monetary system. It is a continuation of the system used under the Danish régime. The system was established by a law passed by the Danish Diet, which received royal confirmation and assent on March 29, 1904. Under this system a specially devised franc composed of 100 bit forms the unit.

The budgets of the two municipalities of the Virgin Islands are framed in the legal terms of francs and bit, and the accounting systems employ the same terms. Officially, therefore, it may be said that the term "dollar" is not used. There is an exception, however, for according to an act of Congress approved March 3, 1917, called the "organic act," which provides for a temporary government of the Virgin Islands of the United States, an export duty of \$8 United States currency per ton is imposed on all sugar shipped from the islands. This export duty, though levied in terms of United States

dollars, is actually collected in francs and bit, the conversion rate following the prevailing rate of exchange. All other export and import duties are levied and collected in terms of francs and bit, and all custom collections are deposited to the credit of the municipality to which they pertain in the same terms. This procedure is necessary because the tariff, with the one exception in the case of the export duty on sugar, is the Danish tariff in effect at the time of the transfer of the islands to the United States. The local banks transact their business and keep their accounts in terms of francs and bit, but business men generally operate on a dollar and cents basis, marking goods, making sales, and keeping accounts in the same terms. Only when they come into financial contact with the Government or in their relations with the banks are they required to employ the legal nomenclature.

It will thus be seen that a most anomalous condition exists which is very confusing to the uninitiated and proves practical only through long acquaintance and use.

The source of circulation for the money created by the law referred to, is provided for in another law passed by the Danish Diet and confirmed by King Christian IX, bearing the same date as the law establishing the system, wherein a concession is given to a certain Danish association consisting of four Copenhagen banks, to establish in the Danish West India islands a joint stock bank, to be known as The Danish West Indian National Bank. To this bank, for a period of 30 years, or until June, 1934, is given the exclusive right to issue bank notes, in terms of francs, which are exchangeable for gold upon demand at the head office of the bank in St. Thomas or at the bank's agency in Copenhagen.

A law passed by the Danish Diet and given royal assent on October 2, 1914, temporarily suspends the obligation of the Danish West Indian National Bank to exchange notes for gold, and contains a provision to the effect that "it may be put out of force by royal ordinance." In view of the change in sovereignty since the enactment of this law, the interpretation to be placed on the quoted clause is problematical.

The convention relating to the cession of the Danish West Indies to the United States contains in section 4 an obligation on the part of the United States to maintain certain concessions and licenses given by the Danish Government, amongst which is mentioned (sub-paragraph H) the concession to the Danish West Indian National Bank. Locally, the impression seems to prevail that this bank has something more than a well-defined concession—that it has in fact a monopoly to transact a general banking business. There has been a number of other local banks doing business which is, of their own volition, restricted to the handling of savings accounts, and the investment of funds locally in loans secured by realty. The Danish West Indian National Bank conducts a general banking business and is the only medium of financial intercourse between the Virgin Islands and the outside world, but, it is our judgment, has no monopoly on this business, its monopoly being limited solely to the right to issue notes in the islands in lieu of coin.

The amount which this bank may issue in bank notes is limited by its concession to 10,000,000 francs. As security for such issues two

conditions are imposed. The first is that it must have in its possession "a fund in metal" in amount equal to at least three-eighths of the amount of bank notes in circulation at any time, and the second is that the remainder of the notes in circulation not secured by metal must be secured by "assets" other than the "assets" necessary to take care of other obligations. It further provides that the "fund in metal" in the islands shall consist of coin. "Assets" also are defined and consist of certain negotiable security of a character in which banks generally deal.

As nearly all of the commercial business of the Virgin Islands is with the United States, and as all obligations are paid in terms of United States dollars, it will readily be seen that only so long as a steady and dependable flow of dollar credit back to the islands is maintained can local financial conditions remain undisturbed. The produce from the islands, principally sugar from St. Croix, is exported and disposed of in the New York market, the proceeds of such sales being realized in American currency. Were those proceeds kept in the United States as a credit against which trade obligations here could be paid, the monetary system would prove practical and adequate for all needs.

That this is true is proven by the experience of the past two years during which the parity between local currency and American currency remained the same, at the ratio above stated; that is, \$0.1928 to the franc. This was true, because there was no incentive to dispose of the proceeds of the sale of the island's produce elsewhere by deposits in New York banks. The rates of exchange between the United States and Europe remained fairly constant, and conditions attending the war made it impracticable to dispose of American credit, in the comparatively small amounts with which we are concerned, in Europe at what from time to time may have seemed attractive rates. Lately, however, due to a return of easy communication with Europe, it has been possible to take advantage of these attractive rates with the result that sufficient dollar credit to preserve the old parity between American currency and local currency has not been maintained for the needs of the islands, but has been disposed of in Europe. The result is that these islands have now to contend with a situation whereby the local currency has depreciated to a point where its present exchange value is approximately only 75 per cent of its former value. This condition is real because nearly all their trade relations are with the United States and all trade obligations must be canceled by dollar transfers, and the burden falls alike on all classes, with two exceptions, the Danish West Indian National Bank and the large sugar centrals which are operated for the benefit of Danish stock companies. The former is protected because it sells dollar transfers at 1 per cent above cost, and the latter can suffer no real loss but are in a fair way to profit still more should the present rate of exchange between the United States and Denmark prevail or increase.

The slight check on such practices which the war imposed is now removed, and it is most likely, unless a new system is inaugurated, that they will be governed in the future by rates of exchange which exist between the United States and Europe generally, but Denmark particularly. It is possible, and some effort has been expended in that direction, to establish an artificial rate which will stabilize their

local currency, but this possibility is dependent upon the honest cooperation and good will of certain interests. At best, the creation of such an artificial stabilization is not dependable, as it would be a matter of whether or not the interested parties deemed it expedient to continue it.

That the people of the islands are alive to the situation is evidenced by the fact that the Colonial Council of the municipality of St. Thomas has submitted a formal resolution praying the governor of the Virgin Islands to exercise his good offices in endeavoring to supplant the present currency by American currency. At an informal meeting of the St. Croix Council, at which representatives of the public generally were present, similar action was taken.

In its report covering the year 1918 the bank gives as its profits for the year 1917 an amount nearly 200 per cent greater than that earned in previous years—profits so large, in fact, that it was possible to pay to the stockholders a dividend of 20 per cent, amounting to 250,000 francs, and we understand an additional bonus of about 100,500 francs. The profits for that year exceed the profits of the preceding year by over 500,000 francs. The profits during the years of its existence prior to 1917 seem the normal gains attendant upon the transaction of normal business, but the extraordinarily large profit of 1917 causes some speculation as to the reason therefor, and is traceable primarily through the purchase and sale of foreign coin (assuredly American dollars). In 1917 and 1918 this bears the same relation to such purchases and sales in preceding years as its 1917 and 1918 profit bears to the profits of preceding years. It must be assumed that the purchase and sale of foreign coin in the years prior to 1917 were the amounts required to carry on the normal trade of the islands, but when suddenly the purchase and sale of those coins is increased from about 300,000 francs in 1916 to nearly 1,000,000 francs in 1917 and 1,750,000 francs in 1918, without a corresponding increase in the trade of the islands, one can not help being impressed that the bank has, by its large trade in the purchase and sale of American dollars, contributed largely to present conditions.

From information at hand and actual testimony adduced the sugar centrals have likewise been active in disposing of their dollars in Denmark at a profit. In a strict business sense both interests can justify their actions, and it can not be denied that they have a legal, if not a moral, right to leave the placid current of their normal business to catch the added profits to be found in the turbulent stream of foreign exchange. So long as these interests can purchase local credit in terms of francs with kroner bought at an advantageous rate with American dollars earned here, just so long will the inhabitants have to contend with present conditions of depreciated currency.

Impetus to the demand for dollars is given to the islands by their transfer to the United States to develop the resources of the islands under American rule, but it is not exactly right that Denmark should supply the needed dollars under these circumstances, and advance dollars at a time when dollars are at a premium the world over and are needed by Denmark herself, while the return from the improvements in the future will be of no benefit to Denmark. (As instances: Importation of agricultural machinery, of better breeding stock from United States, etc.)

The appeals, however, of the mass of the people for the substitution of American currency for a currency which no longer serves their needs can be understood, and the change desired is certainly justified.

Whether or not such a change can be effected depends upon a number of considerations. The first is: To what extent are we obligated to continue to make use of the present system? The treaty of cession is the only guide we have in formulating an opinion on that question, and on the interpretation of article 4, paragraph (h), depends the answer. This has been referred to the Department of State together with the Department of the Treasury.

The next consideration is: How can such a change be effected? Three methods suggest themselves. First, by the establishment of local capital of a bank which would transact all its business in terms of United States dollars.

The second method contemplates the assistance of the Federal Government in the loan of a sum sufficiently large to buy out the Danish bank. As the loan would be made to the government of the Virgin Islands, the adoption of this method would involve the establishment of a government bank. This plan would require a large loan from the Federal Government. It would form a departure to which consideration must be given.

The third method contemplates the establishment by a strong American bank of branches in St. Thomas and St. Croix, and requires as one incentive the legal establishment of the American system.

An analysis of the report of the Danish West Indian National Bank for 1918 indicates that to effect the change of monetary systems under any of the phases mentioned herein would require about \$1,500,000, about half of which would go toward the acquisition of the bank's local investments and would remain invested here at a rate averaging $5\frac{1}{2}$ per cent. The remainder would probably be sufficient to buy up outstanding notes and provide for a circulation sufficient for the needs of the islands.

It has also been suggested that the Federal Government, out of Federal funds, place the necessary dollars amounts at the disposal of the islands, at 5.20, to be sold by the bank (or by some commission named), at 5.25 (normal rates), against an express declaration by the merchants that such funds are intended exclusively for the payment of importations of foodstuffs and necessities of life from the United States to the Virgin Islands, for use there, and not for reexportation except under special licenses, the francs amounts for such Federal funds to be credited to the Government on a francs account on the books of the bank, to carry interest at $2\frac{1}{2}$ per cent per annum, and to remain there until normal times arrive, or for a period of three or five years, for instance, and thereafter subject to six months notice, the bank to reserve the right to at any time repay the amount, or any part of the same, in United States currency, at 5.25 (normal selling rate).

The total requirements of the islands are at present estimated at \$150,000 a month, but such amounts would hardly be necessary, as the sugar factories could perhaps be induced to place their monthly requirements at the disposal of the bank in dollars, reducing the Federal amount accordingly. The requirements of the largest sugar factory (Bethlehem) are estimated at \$600,000 a year, the other two factories together at \$300,000.

The bank, at the same time, to prevent influx of European money by regulating its buying rates for such moneys, or, preferably, by selling eventually offered amounts in New York, and thereafter buying the dollar proceeds obtained in New York.

This arrangement would, through the advance from the Federal Government, secure time for negotiations without undue suffering to the population here and without bringing either any loss to the Government or any profit to anyone else. During a whole year, if such a time was required, and even if no other amounts were forthcoming, the total amount would be about \$1,800,000, i. e., \$150,000 per month, and which amount must not be considered as an expense or loss to the United States Government, but as a trust-fund deposit (the Government having deposited funds with the bank at St. Thomas instead of having them deposited elsewhere). Also, the amount could not be as much as \$1,800,000 for the reason that the sugar factories give the bank about \$1,000,000. It should be stated here that when things had thus been normalized for some few months matters would revolve naturally without advances or deposits from the Federal Government, because European moneys could not get into the monetary system.

Luxury rate: Only foodstuffs and necessities of life to be imported against the said funds; if anything else should be desired, then krone drafts could be issued and sent by the purchaser to New York, to be disposed of there in payment of such articles. The declarations to be sent daily to the Government as vouchers.

In any event, it seems to be well established that a change to United States currency is necessary for the real economic development of the islands, and, in justice to the mass of the people, the change should be effected at the earliest possible date. Their acquaintance with our system would make the change easy of accomplishment; and during the sale negotiations we, in effect, promised to interest American capital to take over the monetary interests in the islands, as evidenced on page 57 in the deliberations of the Danish Diet.

✓ RECOMMENDATIONS.

The commission in presenting this report submits the following recommendations:

1. Our Government to assist in cooperation with the people of the islands in establishing an adequate water system in St. Thomas and in St. Croix.

2. A better system of transportation should be provided between the various islands and between Porto Rico and the islands. And it is recommended that the Shipping Board give immediate attention to this question.

3. Steps should be taken to provide an American system of currency in place of the present Danish system which now burdens the people by virtue of exchange rates resulting in decreased purchasing value of the Danish money.

4. The existing code of Danish laws should be superseded by a code of laws based upon American principles and ideals.

5. Educational work in the islands should be greatly extended and intensified.

6. As far as practicable American boats should be bunkered and fueled at St. Thomas. This question has already been taken up with the Shipping Board.

7. There should be some method adopted by which the people of St. John will have mail delivery if it can be accomplished at a reasonable expense. This is a question for the Post Office Department, and we earnestly recommend to that department that mail facilities be restored to the people of St. John.

8. The agriculture experimental station should be enlarged and its work extended over the islands of St. Thomas and St. John. We particularly call the attention of the Department of Agriculture to this question.

9. The bar in the harbor of Christiansted should be removed. This would open the harbor for boats of medium and light drafts. A provision for a survey of this matter will probably be adopted in the pending river and harbor bill.

10. The establishment of libraries with good buildings at St. Thomas and in St. Croix would be of great advantage in the development of these islands. We realize this is a work that the Government would not undertake. We offer this suggestion in the hope that those interested in library work may take up the question and possibly work out by private enterprise a plan to establish libraries in these two islands.

11. The commission found the system of taxation in the islands unjust, inefficient, and archaic. We recommend that the entire system be reformed with a view of securing a greater income, which we believe possible, and in order also to more fairly equalize the burdens of taxation.

12. It is the judgment of the commission that the present local legislative system of one council for St. Thomas and St. John and one for St. Croix be retained, and that the said councils sitting together should constitute a grand council for the whole group of islands acquired by the United States from Denmark in all matters affecting the interests of the islands common to all.

13. It is the judgment of the commission that in the revision of the judicial system, one court and judge having general jurisdiction should be provided for the islands of St. Thomas and St. John and one for the island of St. Croix; and that writs of error and appeals should be to an appellate court consisting of the two judges from said islands and the judge of the district court of the United States for Porto Rico, sitting in Cane.

14. After careful consideration it is the judgment of the commission that it is inexpedient to change the existing system of government at present. The contemplated revision of local laws should be enacted and put in operation before further changes in the supervisory government should be undertaken.

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